

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2282 – SB 2275

May 5, 2009

SUMMARY OF AMENDMENT (007364): Deletes all language after the enacting clause and defines “adult care home” as a licensed single family residence in which 24-hour residential care is provided to no more than five elderly or disabled adults and does not include any facility licensed by the Department of Mental Health and Developmental Disabilities. Creates a regulatory and licensure program under the authority of the Board for Licensing Health Care Facilities for adult care homes and establishes dietary, facility, safety, and staffing requirements for adult care homes. Creates the adult care home delivery system and establishes standards for health care services at adult home care facilities. The rulemaking provisions of the Act will take effect on July 1, 2009, and January 1, 2010, for all other purposes.

CORRECTED FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$20,000/FY09-10
\$40,000/FY10-11 and Subsequent Years

Increase State Expenditures - \$8,600/One-Time
\$118,400/Recurring

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the corrected original fiscal note.

Assumptions applied to amendment:

- According to the Bureau of TennCare, the adult care homes will offer a lower cost residential alternative to persons who can no longer live alone and who do not have family or other caregivers to assist them. Capitation payments to managed care contractors will cover all long-term care services including nursing facility services.
- The TennCare CHOICES program allows funds to follow the persons into the most appropriate, cost-effective, long-term care setting of their choice. Any costs incurred to provide the new adult home care services will be offset by a decrease in expenditures for other types of assisted-living services that will not be utilized due to an additional option for services.

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- According to the Bureau of TennCare, the FY09-10 budget anticipates the availability of adult care home services, as well as assisted living facility services, which will offer 24-hour residential supports to persons at a cost that is less than nursing home care.
- According to the Department of Health, based on estimates provided by the Bureau of TennCare, there will be approximately 25 homes licensed in the first year and 50 homes licensed in the second year. It is assumed that the homes will increase gradually each subsequent year.
- According to the Department of Health, the Board will need two additional positions. These include a Licensure Technician to handle the applications and annual renewals, conduct health surveys, and perform complaint investigations and a Fire Protection Specialist to conduct life safety code inspections and complaint investigations.
- These positions are estimated to result in an increase in one-time expenditures of \$8,600 which includes costs for computers (\$3,200) and office set-up (\$5,400).
- These positions are estimated to result in an increase in recurring expenditures of \$118,379 which includes salaries (\$65,208), benefits (\$22,171), administrative costs (\$15,800), communications and networking (\$2,800), office leasing (\$8,200), travel (\$3,000), and supplies (\$1,200).
- According to the Department of Health, the Board will charge an \$800 annual licensing fee for these facilities. The estimated increase in revenue is \$20,000 (25 facilities x \$800) in FY09-10 and \$40,000 (50 facilities x \$800).
- Necessary rulemaking will be handled during a regularly scheduled meeting of the Board. Any cost can be accommodated within existing resources of the Board.
- Pursuant to Tenn. Code Ann. § 68-11-216, the Board for Licensing Health Care Facilities is required to be self-supporting over a two-year period. The Board had a negative closing balance of \$440,300 in FY06-07 and a negative closing balance of \$217,700 in FY07-08.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/kml